

Moral Libertarian Perspective: Genuinely Free Markets are a Moral Imperative

Taken from The Moral Libertarian Horizon, Volume 1

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Ever since the Global Financial Crisis, it has been fashionable to blame the free market for everything. This, in turn, has caused a substantial number of people to believe that, if the free market can be abolished or at least severely constrained, it would be to the great benefit of humanity. In this political climate, those who espouse anti free market ideas certainly don't lack ears willing to listen. But is the idea of a free market really that bad? Or is abandoning the free market really a good idea?

First, let's start with the moral libertarian perspective. The moral libertarian answer on this issue is clear: moral agency (and hence liberty) must be distributed as equally as possible. Since the only alternative to having a free market is having a government controlled market (as in a command economy), the only way to abandon the free market is to allow the government to have decision making powers far beyond that of private citizens. Therefore, to oppose free markets in practice always means violating the principle of equal moral agency. It logically follows that moral libertarians must support free markets. Moral libertarians can differ on how a genuinely free market can be maintained, for example regarding what role the government may play in stabilising economic conditions and providing equal opportunity for all, or if any and what kind of anti-trust and competition regulations there should be. But there is no way a moral libertarian can oppose the free market and still stay true to the principle of equal moral agency.

But let's not talk in terms of abstract principles, because facts are more persuasive for most people. There has never been a liberal democracy that has also not had some form of free market economy. While there are countries with free markets but not liberal democracy, there has never been a country with liberal democracy but not free markets. In other words, although it isn't necessarily true that the freer the market, the freer the people, where the markets aren't free, the people certainly aren't free. In fact, the early history of the USSR illustrates why this is the case. Lenin wanted to abolish private property and free market capitalism, but was not able to do so completely. The much more hard-line Stalin put in place a program of compulsory collectivization, which of course led to massive resistance, especially from peasants whose land were being confiscated. Stalin, of course, crushed all resistance ruthlessly. The lesson is that, since people are not going to voluntarily give up their economic interests, anyone hoping to control the economy would need to be as much of a ruthless dictator as Stalin. Of course, Stalin had to control more than just the economy. As he became deeply unpopular, he had to also disallow political dissent to protect his rule, so that his program of collectivization could continue. This demonstrates why you cannot abolish the free market economy without also abolishing political, and hence social and cultural, freedoms.

The free market of economic goods and services is also ultimately inseparable from the free market of ideas. In command economies, goods can only be produced and sold with the government's permission. This means the choice of goods and services available is strictly limited by the government. Whatever goods the government doesn't like, it can effectively ban. At this point, we need to keep in mind that some goods are cultural or political, for example books and movies. In fact, historically, those who controlled the printing press controlled knowledge and opinion. Similarly, a command economy unavoidably gives government the power to control knowledge and opinion in society.

The recent backlash against the free market economy has to do with its perceived unfairness. I actually believe that this point is worth discussing. Traditionally, those who believe in a market with minimal intervention have claimed to be the truest and purest champions of the free market. Hayek and his followers famously claim that they do not care if people start in a position of equal opportunity, and that social justice is meaningless. But the moral libertarian perspective actually provides an alternative view of what a free market should look like. Moral libertarians primarily believe in the equal distribution of moral agency. A moral libertarian's free market would therefore require that people have equal opportunity, for the market to be truly free. In my opinion (again, not necessarily the collective view of all moral libertarians), this equal opportunity may be provided by a combination of public education, welfare for the unemployed, and anti-trust and competition regulations to ensure that new players can enter the market. As for the classic Austrian School argument that this would be too much government intervention in the economy, for the free market economy to exist and function continuously, there already needs to be a substantial amount of government intervention anyway. For example, the government needs to issue and maintain a stable currency, there needs to be a reserve bank, there needs to be laws against fraud, there needs to be a police force to keep people's private property safe from thieves, and there needs to be a military to keep the nation secure from being taken over by external forces. Extreme libertarian 'solutions' like private currencies, private police forces and private militaries remain a pipe dream, and in any case could never provide the investor confidence needed for the free market to function properly. Given that the government already needs to be a substantial size just for the market to function, increasing it by a relatively small amount (public education and unemployment benefits are cheaper than the military) to make it even more of a free market (in the moral libertarian view) can be well justified. As long as the government doesn't start setting prices, restricting international trade or nationalizing our banks and industries, it is still a free market.

Ensuring free market economies also provide equal opportunities is not just a moral libertarian imperative. It is also a very practical imperative, for those of us who want free markets to survive. It is very easy for people like Hayek to say that they do not care about equal opportunity and social justice. But for those who are actually prevented from participating meaningfully in the free market economy from birth, it is very difficult for them to believe in the free market system. It is these people who anti-market 'revolutionaries' find their audience and supporters in. Therefore, a free market with equal opportunities is also a strong and sustainable free market, and a market that doesn't care about equal opportunity essentially doesn't care about its own survival.